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EU invests in beef production

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Report Highlights:

Poland is developing its beef industry with a very sizable investment in research, production, and promotion. Its plan enjoys an advantage due to the protection offered the industry by strict regulation of imports. A first tranche of EU funds worth \$13 million in research and development will be followed by a later tranche that might be as much as \$50 million more from EU and domestic funds. Poland is an active importer of U.S. dairy genetics and might be a market for U.S. beef genetics soon. Non hormone containing U.S. beef is sold in Poland, in a few of its upscale restaurants.

General Information:

Poland has decided to invest heavily in beef production and develop its markets over the next decade. Poland intends to target future markets such as Russia and other Eastern European countries both inside and outside the European Union. Today, the total cow herd amounts to 2.5 million head and consists mostly of Polish Holsteins. Over 30 percent of the Holsteins are inseminated with beef breed semen and then crossbred calves are exported to Italy and France for further fattening. In 2009, Poland exported to other EU member states an estimated 400,000 calves. The market for its own beef is likely closer in the region.

There is no tradition of eating high quality beef in Poland. Beef originates from culled dairy cows and is mostly used by the meat processing industry as an additive to pork sausages. A traditional Polish beef recipe calls for it to be boiled long enough to be quite tasteless to those hoping to eat a big, juicy steak. The recipe does have a delicious sauce. Over the last 15 years beef consumption dropped from 16 kilograms per year in 1995 to 3.6 kilograms in 2009 as a result of substitution by poultry meat -- perceived by Poles as more healthy. Poland has favorable feed conditions to develop beef production, with surplus wheat and silage. The country presently is deficit in corn. Introduction of the milk production quota, after EU accession in 2004, resulted in a reduction of cattle inventories and inadequate utilization of pastures and meadows. Poland also has plenty of feed stock due to the reductions in the Polish pork industry that faces a severe crisis caused by strong competition from Danish and Dutch suppliers. Poland has record low hog inventories and a surplus of three million tons of feed grains in 2009. Some producers are considering how to create with new loans a cow/calf operation and then create a larger feed lot nearby with others.

Polish farmers, meat industry and government officials realize that current shortage of beef within the European Union creates a favorable situation for them inside the EU and not just in its traditional regional markets for its meat products. According to Polish statistics, in 2009, the European Union imported 340,000 MT of beef (nine percent increase in comparison to 2008) and exported 280,000 MT of beef (eight percent decrease from 2008 figure).

The inventory of purebred beef cows in Poland is estimated at 30,000 head, mostly consisting of Limousine, Charolais and Hereford breeds. There are two associations of beef cattle breeders in Poland. The Association of Beef Cattle Breeders and Producers (ABCBP) maintains herd books and creates breeding policy at the national level. The Polish Union of Beef Producers (PUBP) focuses on beef quality standards and beef promotions. The PUBP has been granted a large sum of money to coordinate a five year project called "Eurosteak 2012" which aims to produce 30,000 MT of high quality beef by 2012. The "Eurosteak 2012" project includes development of beef quality standards based on a Quality Meat Program (QMP) and joint research project with two universities, the University of Warmia and Mazury and the Warsaw Agricultural University (SGGW). The joint research project financed from EU funds for the development of education and innovation amounts to about \$13 million. It will focus on the development of beef production in Poland with special emphasis on consumer preferences (from fork to farm).

The government and beef producer organizations applied to the EC for additional support of

“Eurosteak 2012” project which would include additional funds for meat processing industry for promotion of Polish beef and refunding to farmers costs of beef quality certification within the QMP program. The EC is still evaluating the project. In total, with the research project and other projects the investment may be as high as \$75 million, according to trade sources.

To increase beef production in Poland will require much higher cattle inventories which creates an opportunity for the U.S. suppliers of beef cattle semen and embryos. Because of the long term immigration, cultural, economic, and political ties between the United States and Poland, U.S. cattle genetics and U.S. beef are held in high esteem. U.S. high-quality beef is sold on the Polish market at a few high end restaurants as a result of 2009 enlargement of the non hormone containing beef quota.